

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY SUVA

AMCONSUL HONG KONG

AMCONSUL PORT MORESBY

C O N F I D E N T I A L STATE 206339

FOLLOWING REPEAT GEORGETOWN 1412 ACTION SECSTATE INFO USUN
LONDON OTTAWA 25 AUG

QUOTE

C O N F I D E N T I A L GEORGETOWN 1412

DEPT PASS ALL COMMONWEALTH CAPITALS

E.O. 11652: GDS

TAGS: PFOR, PORG, GY, EFIN

SUBJECT: COMMONWEALTH FINANCE MINISTERS CONFERENCE

REF: GEORGETOWN 1399

1. AMBASSADORS AND TECHNICIANS FROM COMMONWEALTH COUNTRIES MET
DURING DAY AUGUST 24 AND 25 TO REVIEW MCINTYRE REPORT PRIOR TO
MEETING AUGUST 26 OF COMMONWEALTH FINANCE MINISTERS. WE UNDERSTAND
EIGHT REPRESENTATIVES SPOKE, WITH SOME CRITICISM OF MCINTYRE
REPORT FROM BOTH RADICAL LDC AND DC SIDES.

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2. ONE REPRESENTATIVE OF DEVELOPED COMMONWEALTH COUNTRY PRIVATELY PREDICTED THAT REPORT WILL NOT BE REDRAFTED OR MODIFIED BY GROUP, EVEN THOUGH SOME OF ITS PROVISIONS, ESPECIALLY INDEXING, ARE CLEARLY NOT SATISFACTORY TO DEVELOPED COMMONWEALTH COUNTRIES. HE BELIEVES THAT FINANCE MINISTERS WILL END UP BY RECOMMENDING REPORT AS A SOURCE OF GUIDANCE AT UN, AND THAT IT FORM THE BASIS OF FURTHER STUDY LEADING TOWARD THE IMPLEMENTATION OF SOME OF ITS PROVISIONS. HE PREDICTED THAT THE REPORT WILL THEN BE FILED AWAY AND FORGOTTEN.

3. SINCE EMBASSY HAS STILL NOT BEEN INFORMED WHETHER DEPARTMENT HAS TEXT OF STILL CLASSIFIED MCINTYRE REPORT, SUMMARY OF PROVISIONS FOLLOWS:

A. INTEGRATED COMMODITIES PROGRAM SHOULD BE ADOPTED WITH NECESSARY CONSULTATIONS CONCLUDED BEFORE UNCTAD 6 IN 1976.

B. "INDEXATION IS AN IMPORTANT ELEMENT IN COMMODITY AGREEMENTS; THAT POSITIVE CHARACTERISTICS OF PRODUCERS ASSOCIATIONS SHOULD BE ACKNOWLEDGED AND ENCOURAGED; AND THAT, WHILE TECHNOLOGICAL PROGRESS IN THE FIELD OF SYNTHETICS IS NOT TO BE HALTED, IT WOULD BE APPROPRIATE TO CONSIDER MEASURES WHICH WOULD PROTECT THE INTERESTS OF THE PRIMARY PRODUCING COUNTRIES AND IMPROVE THEIR COMPETITIVE STRENGTH VIS A VIS SYNTHETICS".

C. "AT AN APPROPRIATE STAGE A GENERAL AGREEMENT ON COMMODITIES COULD BE OF VALUE".

D. RULES OF ORIGIN SHOULD BE MODIFIED WITH DEVELOPED COUNTRIES GIVING CONCESSIONS NOW RATHER THAN AFTER MTN'S

E. IMPROVED GSP AND WIDER AND DEEPER TARIFF CUTS BY DEVELOPED COUNTRIES SUPPORTED.

F. HIGHEST PRIORITY TO FOOD PRODUCTION AND RURAL DEVELOPMENT WITH ATTENTION ON HELPING LDC'S DEVELOP OWN FERTILIZER SOURCES AND PLEDGES TO INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT.

G. FOOD AID TARGET OF 10 MILLION TONS ANNUALLY AND GRAIN STOCKS ESTABLISHED IN DEVELOPING COUNTRIES.

H. NEW PATTERNS IN INDUSTRIAL DEVELOPMENT AS CENTRAL PART OF NEW ECONOMIC ORDER WITH SOLUTIONS TO BE DEVELOPED ON ROLE OF CONFIDENTIAL

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TRANSNATIONAL COOPERATION AND GUIDELINES DRAWN UP FOR BILATERAL INDUSTRIAL COOPERATION BETWEEN DEVELOPED AND DEVELOPING COUNTRIES.

1. DEVELOPED COUNTRIES WITHOUT FURTHER DELAY IMPLEMENT UN TARGET OF 0.7 PERCENT OF GNP WITH AT LEAST 1 PERCENT BY 1980 FOR DEVELOPMENT ASSISTANCE. DAC TERMS OF AT LEAST 84 PERCENT GRANT AID ENDORSED WITH PERIOD OF REPAYMENT AT LEAST 40-50 YEARS, GRACE PERIOD OF AT LEAST 10 YEARS, AND MAXIMUM INTEREST NOT EXCEEDING

1 PERCENT, WITH TERMS FOR LEAST DEVELOPED COUNTRIES EVEN MORE CONCESSIONARY.

J. PRIORITY CALL ON SDR'S BY DEVELOPING COUNTRIES THROUGH LINK MECHANISM, RESCHEDULING OF DEBT BY WORLD BANK FOR COUNTRIES WITH PROBLEMS WITH PRESUMPTION IN FAVOR OF AUTOMATIC RESCHEDULING AND RELIEF FROM EXTERNAL DEBT WITH WRITING OFF OF CERTAIN LOANS AND CONVERSION OF LOANS TO GRANTS FOR SERIOUSLY AFFECTED COUNTRIES.

K. COMMONWEALTH FINANCE MINISTERS AT NEXT MEETING OF BOARD OF GOVERNORS TAKE UP QUESTION OF SECURING CHANGES IN VOTING RIGHTS AND MANAGERIAL STRUCTURES OF IBRD AND IMF SO AS TO GIVE THE DEVELOPING COUNTRIES GREATER PARTICIPATION IN DECISION MAKING.

MATTHEWS UNQUOTE INGERSOLL

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